

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REVIEW, 2019

Docket No. ACR2019

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-8 OF CHAIRMAN'S INFORMATION REQUEST NO. 16

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 16, issued on February 14, 2020. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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1. Please refer to Library Reference USPS-FY19-45, December 27, 2019, file "Paragraph (f) Report.pdf," at 3-5. Please provide the "FSS Leakage" percentage and the "Volume to Capacity" percentage in FY 2018 and FY 2019.

RESPONSE:

To adequately respond to this question, it is perhaps necessary to distinguish between FSS Scorecard Leakage, and the other salient measure of FSS Leakage. With respect to FSS Scorecard Leakage data, the FY 2018 and FY 2019 figures presented below are based on all Full-Service flats destined for FSS zones that do not have a final scan on an FSS machine. In other words, they are based on all flats destinating in FSS zones that have piece visibility. Consequently, not all flats destinating in FSS zones would be reflected in these percentages.

In this respect, they are different from the annual FSS Leakage data provided in USPS-FY19-45 in response to part b.6. Those data are based on the Commission-approved cost model methodology used for costing and pricing purposes. In contrast with the FSS Scorecard Leakage data, this measure provides a more comprehensive picture, because it is not dependent on scan visibility. Consequently, the two measures produce slightly different results. While perhaps less comprehensive, the FSS Scorecard data can be produced daily, and are thus highly useful for ongoing operational decisions and tracking at the facility level. The more complete cost model approach is only generated annually, and the data produced are not as timely or as granular. In view of the purposes of the scorecard, therefore, the cost model data are

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not a viable alternative. Scan data will continue to be the source of the FSS Scorecard Leakage information. Each measure of FSS Leakage is useful for its intended purpose.

The FSS Scorecard Leakage percentages based on procedures commensurate with those that will be used in the FSS Scorecard going forward (as referenced on pages 3-5 of the Paragraph (f) Report) were 21.88 percent for FY 2018 and 25.43 percent for FY 2019.

The Volume to Capacity percentages were 63.74 percent in FY 2018 and 58.37 percent in FY 2019.

FY	Capacity (195,000/machine/day * 302 delivery days)	Total FSS Inducted (From EDW Total Pieces Fed)	% to Capacity
2019	5,889,000,000	3,437,124,080	58.37%
2018	5,889,000,000	3,753,536,804	63.74%

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2. In Docket No. ACR2016, the Postal Service filed data on post offices suspended at the end of FY 2016.¹ The Postal Service provided updated data for post offices suspended at the end of FY 2019 in a Chairman's Information Request response.² The FY 2019 data lists the incorrect Zip Code for many of the suspended post offices.³ There are also inconsistencies between the FY 2016 data and FY 2019 data concerning suspension, proposal, and community meeting dates. Motion at 3-6. Please reconcile the discrepancies between the data provided for FY 2016 and the data provided for FY 2019, and file an updated Excel spreadsheet containing data for post offices suspended at the end of FY 2019.

RESPONSE:

An updated suspension Excel spreadsheet, "SuspPostOfficesFY19.ChIR16Q2.xls", is attached to this response electronically. The spreadsheet consists of two tabs. The first tab lists all currently suspended post offices as of the end of Fiscal Year 2019. Yellow-highlighted cells indicate 13 updated ZIP Codes, as well as Reopen Dates, that were incorrectly reported in the spreadsheet filed in 2016. Blue-highlighted rows indicate suspended offices that were not reported in 2016. The first tab of the updated spreadsheet also includes revised, more accurate information for the Suspension Reason, Proposal Posting Date, and Final Determination Posting Date columns, because a review by Postal Service

¹ See Docket No. ACR2016, Library Reference USPS-FY16-45, January 23, 2017, Excel file "Suspended_EOY16.xls."

² Responses of the United States Postal Service to Questions 1-9 of Chairman's Information Request No. 6, January 31, 2020, Excel file "PostOfficesFY2019.ChIR.6.Q.1.xlsx."

³ See Motion for Issuance of Information Request No. 2 Steve Hutkins, February 7, 2020, at 2-3 (Motion).

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Delivery personnel revealed that these data were not displayed correctly in 2016. The new 2019 spreadsheet reflects the most accurate data, in all data categories, that are currently available to the Postal Service. The second tab in the spreadsheet contains a list of the 13 post offices for which ZIP Codes were incorrectly reported in the 2016 spreadsheet.

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3. Please refer to Library Reference USPS-FY19-NP2, December 27, 2019, Excel file "FPS_Inbound_Inputs.xlsx" (FPS Inbound Inputs file). Please refer also to Library reference USPS-FY19-NP9A, December 27, 2019 (revised January 10, 2020), Excel file "IB LP Shape by UPU Group FY19.Rev.1.10.20.xlsx" (NP9A file), tab "Summary."
- a. Please refer to cells D8, D10, D12, and D14 of the NP9A file. Please confirm that the revenue from Inbound Letter Post format P and format G includes transit revenue found in tab "TRANSIT_ALC" of the FPS Inbound Inputs file. If confirmed, please refer to question 3.d. If not confirmed, please explain the values in cells D8, D10, D12, and D14 of the NP9A file.
 - b. Please refer to cell P8, P10, P12, and P14 of the NP9A file. Please confirm that the cost for Inbound Letter Post format P and format G includes domestic transportation costs associated with transit weight found in tab "TRANSIT_ALC" of the FPS Inbound Inputs file. If confirmed, please refer to question 3.d. If not confirmed, please explain the values in cells P8, P10, P12, and P14 of the NP9A file.
 - c. Please refer to cells J8, J10, J12, and J14 of the NP9A file. Please confirm that the Inbound Letter Post format P and format G volume does not include transit mailpieces found in tab "TRANSIT_ALC" of the FPS Inbound Inputs file. If confirmed, please refer to section 1130 of the Mail Classification Schedule and explain why transit volume is not included with Inbound Letter Post volume. If not confirmed, please explain the values in cells J8, J10, J12, and J14.
 - d. If questions 3.a. and 3.b. are confirmed, please confirm that all Inbound Letter Post transit volume is format P or format G and that there are no format E pieces among the transit volume found in tab "TRANSIT_ALC" of the FPS Inbound Inputs file. If not confirmed, please identify where FY 2019 Inbound Letter Post format E transit volume is included in file NP9A. Also, if not confirmed, please identify where FY 2019 Inbound Letter Post format E transit revenue and costs are included in file NP9A.

RESPONSE:

- a. Confirmed that the revenue from Inbound Letter Post format P and format G includes transit revenue found in tab "TRANSIT_ALC" of the FPS Inbound Inputs file. Revenue found in the tab "TRANSIT_ALC" of the FPS

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Inbound Inputs file is not identified by shape; hence, it is assumed to be P and G formats.

- b. Confirmed that the weight from Inbound Letter Post format P and format G includes domestic transportation costs associated with transit weight found in tab "TRANSIT_ALC" of the FPS Inbound Inputs file. Weight found in the tab "TRANSIT_ALC" of the FPS Inbound Inputs file is not identified by shape; hence, it is assumed to be P and G formats.
- c. Confirmed that the volume from Inbound Letter Post format P and format G does not include transit mailpieces found in tab "TRANSIT_ALC" of the FPS Inbound Inputs file. As noted in the Revenue Reconciliation tab of the Excel file Reports (Unified).xls in USPS-FY19-NP2 (Revised) January 10, 2020, Transit volume is excluded from Inbound Single-Piece Letter Post.
- d. Not confirmed. For FY 2019, no Inbound Letter Post transit volume is included in file NP9A. Also for FY 2019, all Inbound Letter Post transit revenue and costs are included in the P and G formats in file NP9A.

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4. Please refer to FPS Inbound Inputs file and to Library Reference USPS-FY19-NP2 (revised January 10, 2020) Excel file "Reports (Unified).xls" (Reports file), tab "A Pages (md)." Please confirm that the revenue reported in cell D32 and the volume variable cost reported in cell F32 of the Reports file include transit revenue and domestic transportation cost associated with transit weight as found in tab "TRANSIT_ALC" of the FPS Inbound Inputs file, but the volume reported in cell L32 of the Reports file does not include transit mailpieces, also found in tab "TRANSIT_ALC" of the FPS Inbound Inputs file. If confirmed, please explain why revenue and cost are included, but volume is not.

RESPONSE:

Confirmed that the revenue reported in cell D32 includes transit revenue, and that the volume variable cost reported in cell F32 includes domestic transportation cost

reflecting transit weight, but that the volume reported in cell L32 excludes transit

volume. Transit weight has been traditionally included with inbound letter post weight, and transit cost has been traditionally included with inbound letter post cost.

Additionally, transit revenue has been traditionally included with inbound letter post revenue. FY19 was the first year transit pieces were reported in FPS, and as

commented in cell J21 of the Revenue Reconciliation with RPW tab of USPS-FY19-

NP2, Reports (Unified) revised 1/10/20, transit pieces were removed. Transit revenue,

transit weight and transit volume are small portions of the total inbound amounts; hence,

the exclusion of transit volume from the total volume has only a minor impact.

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5. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of the Preface of USPS-FY19-NP42.

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6. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of the Preface of USPS-FY19-NP42.

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7. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of the Preface of USPS-FY19-NP42.

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8. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of the Preface of USPS-FY19-NP42.